

Message Text

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46

ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 AID-20 CIAE-00 COME-00 FRB-02

INR-10 NSAE-00 RSC-01 XMB-07 OPIC-12 SPC-03 CIEP-02

LAB-06 SIL-01 OMB-01 NSC-10 SS-20 STR-08 CEA-02 L-03

H-03 PRS-01 PA-04 USIA-15 AGR-20 SSO-00 NEA-10 EA-11

DRC-01 /210 W

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P R 131838Z NOV 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 5551

INFO AMEMBASSY BONN

AMEMBASSY ROME

AMEMBASSY PARIS

USMISSION EC BRUSSELS

USMISSION OECD PARIS

TREASURY DEPT WASHDC PRIORITY

LIMITED OFFICIAL USE LONDON 13290

DEPARTMENT PASS FRB PRIORITY

E.O. 11652: N/A

TAGS: EFIN, UK

SUBJECT: GOVERNMENT TIGHTENS MONETARY POLICY

1. AS RESPONSE TO INCREASED TRADE DEFICIT AND CONTINUED GROWTH OF BANK LENDING, BANK OF ENGLAND MINIMUM LENDING RATE WAS INCREASED TODAY (NOVEMBER 13) FROM 11-1/4 TO 13 PERCENT. BANK OF ENGLAND HAS ALSO CALLED FOR ADDITIONAL SPECIAL DEPOSITS OF TWO PERCENT FROM BANKS AND DEPOSIT-TAKING FINANCE HOUSES. SPECIAL DEPOSITS WILL TAKE EFFECT IN 1/2 PERCENT TRANCHES ON NOVEMBER 28, DECEMBER 12 AND 27, AND JANUARY 2.

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2. SENIOR SOURCE AT H.M. TREASURY TELLS US THAT THE

REAL REASON UNDERLYING TIGHTENED MONETARY POLICY
MEASURES IS TO PROTECT STERLING IN VIEW OF RECORD
DEFICIT ON TRADE ACCOUNT IN OCTOBER OF 298 MILLION
POUNDSSEASONALLY ADJUSTED. DETAILS FOLLOW IN
SEPARATE MESSAGE. ANNOUNCEMENT OF INCREASE IN MINIMUM
LENDING RATE AND ADDITIONAL CALL FOR SPECIAL DEPOSITS
WAS MADE AT NOON. ANNOUNCEMENT OF TRADE FIGURES WAS
MADE AT 1:00 P.M. TIMING OF THE ANNOUNCEMENTS WAS NOT
AN ACCIDENT. EMBASSY WILL REPORT FURTHER.

ANNENBERG

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CURRENCY CONTROLS, STERLING (CURRENCY), BANK RATES, BANK DEPOSITS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: mcintyresh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973LONDON13290
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: LONDON
Handling Restrictions: n/a
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Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: mcintyresh
Review Comment: n/a
Review Content Flags:
Review Date: 13 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13-Jul-2001 by boyleja>; APPROVED <20-Aug-2001 by mcintyresh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
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Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
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To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005